



DEVELOPMENT CORPORATION OF ABILENE



ANNUAL REPORT OF ACTIVITIES

October 1, 2015 – September 30, 2016

Letter from the CEO



Fiscal year 2015-2016

During the past year, the Development Corporation of Abilene, Inc. (DCOA) saw continued progress on projects already started plus initiated four new projects. Two of the new projects involve assistance to existing small businesses, a renewed approach taken by the DCOA (Lone Star Canvas & Sign Works and Hat Creek Carriers). The DCOA also continued its tradition of helping existing larger employers expand their capabilities (AbiMar Foods and Eagle Aviation Services), and we were instrumental in securing another new educational facility with advanced workforce training capabilities via Texas State Technical College.

As Envoy Air, Inc. (part of the American Airlines Group) launched into service the new Embraer 175 regional jets in January 2016, Eagle Aviation Services, Inc. (EASI) became one of the leaders in providing maintenance service on these new and much larger aircraft. That wouldn't have happened had the DCOA not approved construction of "doghouse" additions to two of EASI's five hangars at the Abilene Regional Airport at a total cost of over \$4.3 million, giving EASI a competitive edge for contracting work on the new jets. EASI currently employs more than 400 individuals in Abilene.

Colombian-based Grupo Nutresa, operating as AbiMar Foods in the U.S., continued to expand their cookie and cracker production lines at both Abilene plants. With AbiMar reporting employment approaching 600 people in Abilene, the DCOA was able to partner with the company in their \$15 million expansion of production capabilities.

This year the DCOA shifted more focus to small businesses operating in Abilene. Lone Star Canvas & Sign Works and Hat Creek Carriers each had less than 20 employees when they approached the DCOA about the possibility of expanding their enterprises locally. Each company was provided assistance to boost their employment and improve and/or expand operations.

Negotiations continued for assistance to establish a new Texas State Technical College campus in Abilene, which resulted in a commitment of financial assistance by the DCOA and other local community groups. Those funds will be leveraged against \$12 million in Texas Tuition Revenue Bonds approved by the state legislature during the last session. The new state of the art training facility will address a growing shortage of skilled welders and industrial maintenance workers challenging our industrial business community and is necessary for economic development efforts in Abilene.

Finish-out construction started last spring on a 100,000 square foot shell building in the Five Points Business Park, otherwise known as Spec 3, for Prairie Dog Pet Products (PDPP). Construction includes new office, production and warehousing space to be completed in November 2016 for a dynamic and fast-growing pet products manufacturer. Initially slated to employ 200 plus individuals in Abilene, product demand has now grown so much that the company fully expects to employ 500 or more by the end of 2018.

Finally, the Five Year Strategic Plan for economic development was delivered to the DCOA in March 2016. With the help of our economic development partners, this comprehensive guide establishes a program of work with detailed strategies and action items coupled with expected timeline completion dates. It will direct much of our efforts over the coming years. Accountability is core to the implementation of the plan and we, as well as our partners, fully understand the need to deliver results back to the community.

DEVELOPMENT CORPORATION OF ABILENE

History:

In 1989, this community set a precedent for the rest of Texas when Abilenians voted to become the first community to adopt a half-cent sales tax devoted specifically to economic development. On November 16, 1989, City Council authorized the creation of the Development Corporation of Abilene, Inc. (DCOA).

Goals:

The DCOA has identified four key goals for its economic development efforts:

GOAL 1: Develop and communicate a plan to implement the Five Year Strategic Plan

GOAL 2: Standardize the process of developing and presenting incentives for approval that aligns with the Five Year Strategic Plan for Economic Development.

GOAL 3: Plan, execute and evaluate a new workforce training program with our education partners and Workforce Solutions of West Central Texas

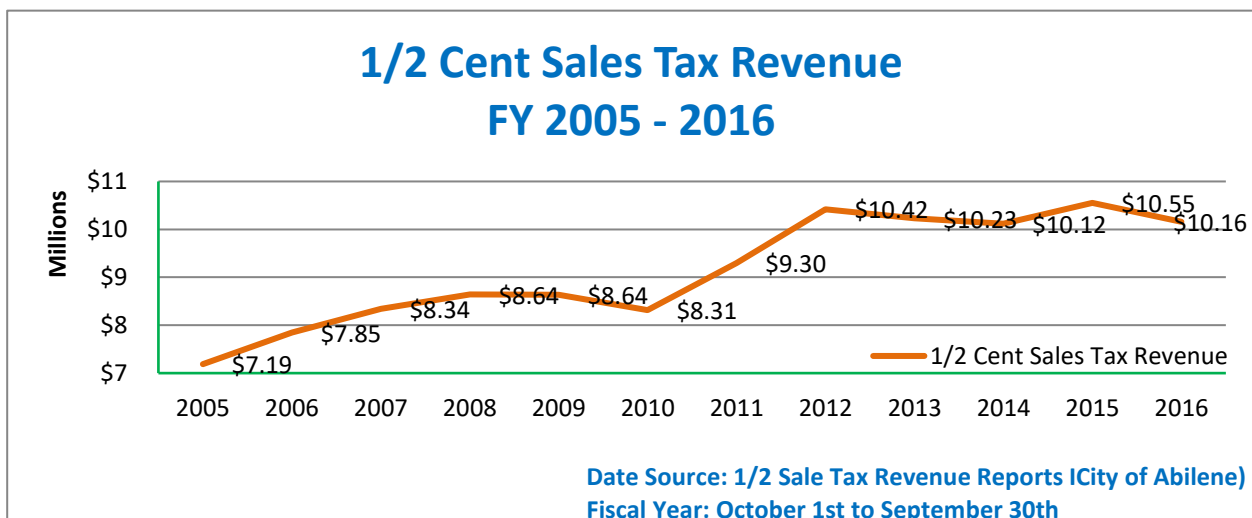
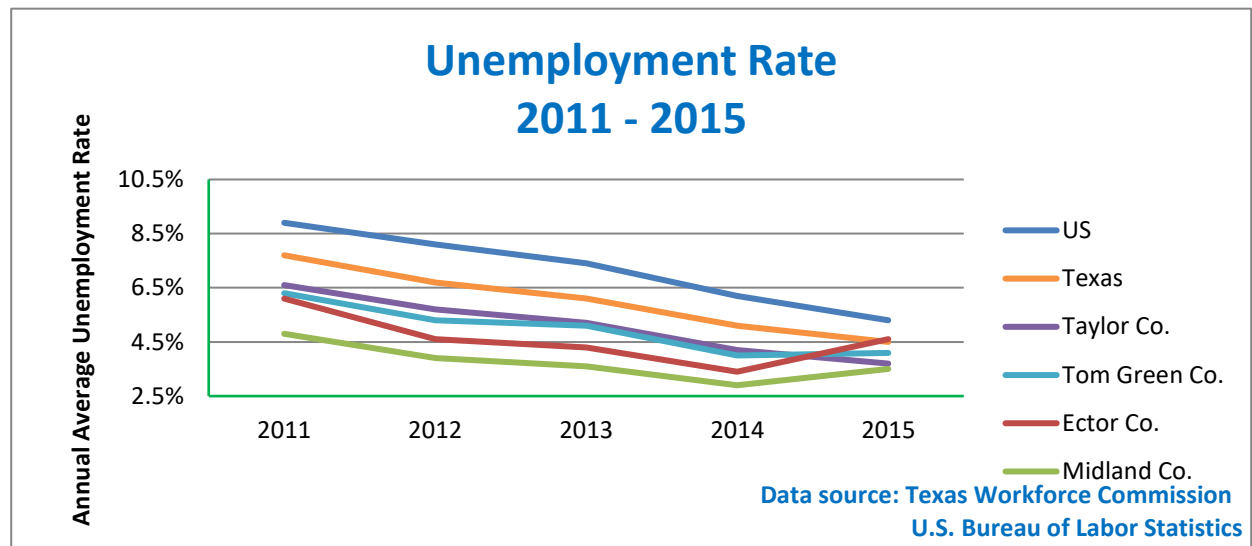
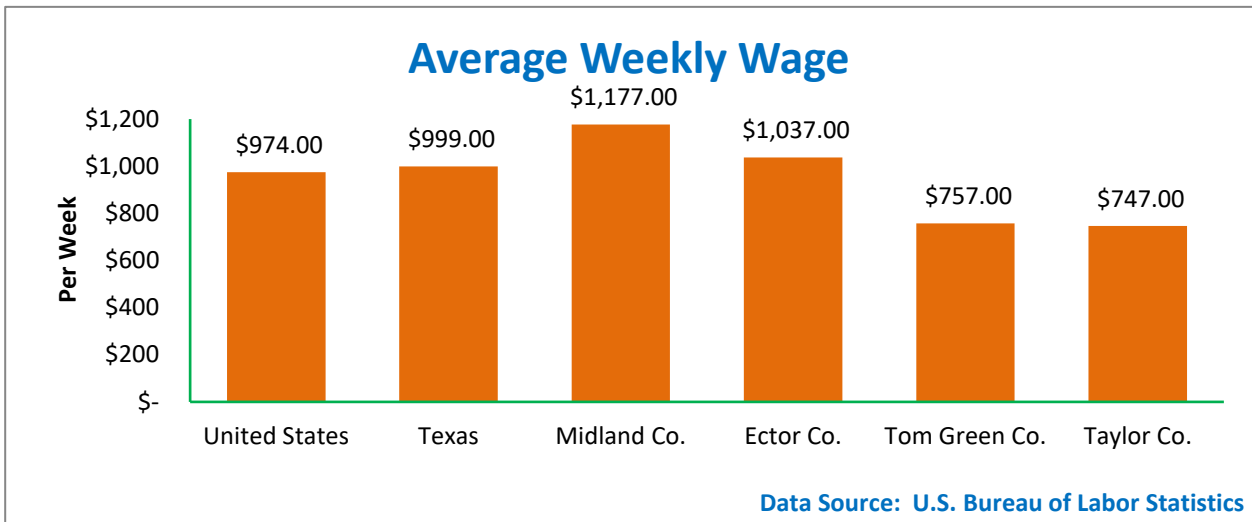
GOAL 4: Develop and execute a communications strategy, in conjunction with AIF, which raises the awareness of the local and outside media, as well as local stakeholders, of the successes of the DCOA.



Mission Statement:

The mission of the Development Corporation of Abilene, Inc. is to use sales tax revenue to effectively stimulate Abilene's economic growth. This is done by assessing the community's economic development needs, developing a plan to meet those needs, coordinating community economic development efforts, and supporting targeted activities that enhance the quality of life in the community and maximize the public's return on invested tax dollars.

SALES TAX COLLECTIONS AND UNEMPLOYMENT RATE



PROJECT SUMMARIES

October 1, 2015 to September 30, 2016

Prairie Dog Pet Products

The DCOA approved an assistance package totaling \$9,500,000 for Prairie Dog Pet Products (PDPP) in 2015. The company is a leading specialty manufacturer of premium pet treats and antlers. With a growing demand for products and limited space at the current Grand Prairie location, they are establishing a new \$30 million manufacturing plant and moving part of their corporate headquarters to the Spec 3 building in the Five Points Business Park. Since the structure had been vacant for eight years, the Board approved additional funds of \$244,795 to prepare the building for finish-out construction, including renovations to the existing ventilation system. Finish-out construction will be completed in November and PDPP hopes to be under production in January 2017.



Texas State Technical College

The first Texas State Technical College (TSTC) Abilene campus was established in 1985. There are now a total of three campuses; the main campus building on E. Hwy 80; a hangar at the Abilene Regional Airport which houses the Airframe & Power plant program; and the Culinary Arts program located in the downtown district. The DCOA has assisted the Abilene campuses in various ways since 1990. TSTC believes in order to serve anticipated expanding growth in Abilene in the services, mining, manufacturing and trade industries there is a need for a new industrial training campus. TSTC recently received authorization from the State of Texas to issue \$12 million in tuition revenue bonds to construct the new Abilene campus. They asked for \$6 million in match grant funding from the community over 10 years, including about 50 acres of land on Loop 322 in the NW quadrant of the Abilene Regional Airport. The DCOA board approved \$400,000 each year for the next ten years in operating funds as a partial match, and the remaining \$200,000 is being provided by the Abilene community.



AbiMar Foods, Inc.

The DCOA approved assistance for AbiMar Foods, Inc. to expand its cookie and cracker production. The company is investing \$15 million with the DCOA reimbursing 10% of actual costs up to \$1,500,000. The funds will help re-tool and modify two existing lines at the North 1st St. location and completely add a new line at the South 1st St. facility for cookie production. The company mainly merchandises its products under the brands Lil' Dutch Maid, Sun Valley, and Tru-Blu that are sold in 43 states in the United States, Mexico and in Panama. The DCOA has assisted the company since 1992 with many of its expansion and capital investment projects. Employment has grown from 27 in 1992 to almost 600 today. On August 31, 2016, several of the key corporate people from Colombia visited the facilities and expressed strong support for continued investment in their Abilene operations.



Broadwind Towers, Inc.

Broadwind Towers, Inc. is in the process of expanding its Abilene wind towers and monopoles production facility in four separate phases over the next couple of years at a



total cost of about \$7,150,000. A recent extension of the production tax credit or PTC (a federal tax credit for renewable energy projects) prompted the decision to expand, with the Abilene plant chosen as the expansion site. The DCOA agreed to provide funding up to \$715,000 at 10% of Broadwind's actual costs. The company is based in Manitowoc, Wisconsin, and established a plant in

Abilene in 2008 with the DCOA's assistance. Current Abilene employment is about 170- full time individuals manufacturing towers for the wind turbines scattered throughout West Texas. No new employment is anticipated at this time. The expansion includes construction of an additional structure and purchase of production equipment. Phases I, II and III are expected to be completed by August 2017 with Phase IV expected by August 2018.

Lone Star Canvas & Sign Works is a locally owned manufacturer of custom canvas and vinyl products located in downtown. The products range from utility lift bags, truck tarps, patio enclosures, commercial and residential awnings, oil field products, boat covers, signs



and decals. The company's success can be attributed to the international customers that purchase their products and its operation is the only one in Texas between the DFW Metroplex and El Paso. In November of 2015 the DCOA approved \$112,000 to enable Lone Star Canvas to expand its operation. The company purchased a 10,000 square foot building and a 32' CNC cutting table with a fabric

18/36 Industrial Park

The DCOA approved a scrub clearing contract to clear 80 acres of land located at Hwy 36 and FM 18 owned by the DCOA. To accommodate development of the property, the acreage needs to be visible so prospective buyers can better visualize their project there. To retain a more natural appearance to the property, 1 or more trees per acre will be left intact. The property was purchased in 2002 with the intent to create a centralized distribution point in Abilene combining rail, air and highway access.



On March 29, 2016, a new, 5-year strategic plan completed by TIP Strategies of Austin was presented to the public in a joint meeting of the DCOA and Abilene City Council. The 10 strategies outlined in the plan include: 1) Aggressively marketing and promoting Abilene as a destination for new investment and employment; 2) Building a deep and highly skilled talent base through development, retention and attraction; 3) Developing and innovating an ecosystem that spawns and supports innovative people and businesses; 4) Position Abilene as “top of mind” or “first choice” for businesses and talent coming out of the Dallas-Fort Worth



Metroplex; 5) Support the growth and prosperity of existing businesses; 6) Making downtown Abilene a center of employment and investment; 7) Continue to redevelop the Pine Street Corridor as a central mixed-use artery connecting downtown to the City's emerging education and healthcare district; 8) Engage emerging leaders in economic development and civic affairs; 9) Leverage Dyess Air Force Base as a source of talent and an economic driver; and 10) Launch a community-wide public awareness campaign designed to encourage residents to become ambassadors for Abilene's success. The plan will be implemented over the next five years by various partners with the DCOA.

CEDA Award

The Texas Economic Development Council (TEDC) awarded the DCOA the annual Community



Economic Development Award (CEDA) for 2016. The CEDA program recognizes exceptional contributions of TEDC member cities toward the economic vitality of their communities and the State of Texas through creativity, leadership, and partnership in the achievement of business retention, business recruitment and community improvement. Abilene was awarded the State's highest recognition, competing against seven other communities in the 100,000 plus population category including Tyler, Round Rock, Frisco, Pasadena, Brownsville, Lubbock and San Antonio. Abilene was nominated based on its successful efforts to bring Prairie Dog Pet Products to the community. This is the first time in the 21-year history of the CEDA that Abilene has received this distinguished honor.



Board of Directors:

Dave Copeland President
Marelyn Shedd Vice President
John Beckham Secretary/Treasurer
Dani Ramsay
Jack Rich

Staff:

Kent Sharp Chief Executive Officer
Kim Tarrant Chief Administrative Officer
Akane Thaxton Economic Development Specialist
Don Hardin Property and Construction Project Manager
Cynthia Nesmith Administrative Coordinator



DevelopAbilene

Development Corporation of Abilene

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DEVELOPMENT CORPORATION OF ABILENE
STATEMENT OF NET POSITION
September 30, 2016 and 2015
Preliminary

	September 2016	September 2015
Current Assets:		
Cash and cash investments	\$ 20,111,606	\$ 20,306,992
Accounts receivable	194,627	173,059
Due from other governments	1,789,074	1,847,609
Prepaid expense	2,910	8,200
Total Current Assets	<u>22,098,217</u>	<u>22,335,860</u>
Noncurrent Assets:		
Notes receivable	3,686,267	11,125,563
Notes receivable - earning economic incentives	8,374,760	3,807,207
Capital assets, net of depreciation	<u>48,974,663</u>	<u>39,295,746</u>
Total Noncurrent Assets	<u>61,035,690</u>	<u>54,228,516</u>
Total Assets	<u><u>\$ 83,133,907</u></u>	<u><u>\$ 76,564,376</u></u>
Liabilities		
Current:		
Accounts payable	\$ 737,543	\$ 870,510
Total Current Liabilities	<u>737,543</u>	<u>870,510</u>
Total Liabilities	<u>737,543</u>	<u>870,510</u>
Net Position		
Net Investment in capital assets	48,974,663	39,295,746
Restricted for contractual obligations	13,090,516	8,549,691
Unrestricted, designated for purposes of trust	<u>20,331,185</u>	<u>27,848,429</u>
Total Net Position	<u>82,396,364</u>	<u>75,693,866</u>
Total Liabilities and Net Position	<u><u>\$ 83,133,907</u></u>	<u><u>\$ 76,564,376</u></u>

DEVELOPMENT CORPORATION OF ABILENE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ending September 30, 2016 and 2015
Preliminary - Budget Basis

	September 2016	Fiscal YTD 2016	Fiscal YTD 2015
Revenues:			
Sales and use taxes	\$ 756,171	\$ 10,160,766	\$ 10,552,304
Interest income	14,605	168,358	116,504
Building rental / land lease	86,163	1,099,980	1,070,896
Sale of Land		496,459	163,635
Miscellaneous revenue	207,328	324,495	611,483
Total Revenues	<u>1,064,267</u>	<u>12,250,058</u>	<u>12,514,822</u>
Expenses:			
Economic Development Projects	329,639	5,480,573	8,826,830
Life Sciences property maintenance	20,397	355,444	554,433
DCOA property maintenance	24,571	379,947	256,506
Abilene Industrial Foundation	146,498	501,676	410,382
TTU Small Business Development Center	29,944	155,606	157,763
Chamber Military Affairs	126,657	338,410	391,382
Airport Business Development Manager	62,455	161,008	139,442
Economic Development Operating Division	71,023	670,616	562,189
Total Expenditures	<u>811,184</u>	<u>8,043,280</u>	<u>11,298,927</u>
Changes In Net Position	253,083	4,206,778	1,215,895
Net Position at Beginning of Period	<u>82,143,281</u>	<u>78,189,586</u>	<u>74,477,971</u>
Net Position at End of Period	<u>\$ 82,396,364</u>	<u>\$ 82,396,364</u>	<u>\$ 75,693,866</u> A

Summary of Current Period Economic Development Projects:

Rentech '12 - Principal reduction for capital investment	\$ 120,000
Rentech '12 -Principal reduction for job creation	34,200
Hangar Doghouses - A/E	3,141
Hangar 0 Doghouse	26,543
EASI De-Fuel Truck	3,900
Spec 3 Remediation/Repair	141,855
Total	<u>\$ 329,639</u>

A: Reconciliation to Beginning Fund Balance - FY 16

FY 15 Net Position before audit accruals	75,693,866
Add: Fixed assets capitalized	3,849,788
Add: Gain on sale of assets	150,307
Add: Change in accrued expenses	38,044
Less: Change in accrued revenue	(196,301)
Less: Proceeds from sale of land	(163,635)
Less: Depreciation	(1,182,483)
	<u>78,189,586</u>

**Development Corporation of Abilene
Economic Program Status
As of September 30, 2016**

Economic Programs:	Project	Amount Budgeted	Prior Years Disbursement	Current Year Disbursement	Balance reserved for budgeted programs
TTU Pharmacy School	5242	\$ 1,893,035	\$ 1,702,310	\$ 190,725	\$ -
Pactiv (formerly PWP)	5251	2,507,899	2,507,899	-	-
TTU 842 Pine	5308	853,999	690,999	163,000	-
Pepsi Beverage Co.	5321	140,000	140,000	-	-
Petrosmith Ph 1, 3 & 4	5330	847,290	640,360	206,930	-
Petrosmith Ph 5	5330.1	150,667	-	150,667	-
TTUHSC School of Nursing	5331	1,076,253	806,885	269,368	-
Rentech '12	5342	470,000	315,800	154,200	-
Owens Machine & Tool	5345	88,761	64,682	24,079	-
Hangar Doghouses A/E	5348.1	423,000	305,155	17,163	100,682
Hangar Doghouses Construction	5348.2	2,732,618	2,559,870	162,385	10,363
Hangar 0 Doghouse Construction	5348.3	2,000,000	-	603,023	1,396,977
EASI De-Fuel Truck	5354	111,560	56,000	22,200	33,360
Fehr Foods ' 13	5356	222,815	148,543	74,272	-
Tucker Energy Services	5359	585,000	91,030	80,675	413,295
Five Points Infrastructure	5359.1	1,000,000	137,491	-	862,509
5 Pts RR Expansion	5363.1	30,800	11,000	13,320	6,480
Spec 3 Finish Out A/E	5364.1	608,389	608,389	-	-
Spec 3 Finish Out Construction	5364.2	2,067,883	1,902,313	165,570	-
Fehr Foods Expansion	5368	5,123,000	1,501,959	1,601,237	2,019,804
Broadwind Towers 2014	5373	679,300	99,222	580,078	-
Corley Wetsel Trucking	5376	455,200	-	-	455,200
Clavel Corp	5377	56,256	31,150	25,106	-
Fehr Foods 14	5378	160,278	53,426	53,426	53,426
Gift Card System	5379	82,100	22,340	33,055	26,705
BWJ Consulting	5382	619,000	117,293	163,647	338,060
Dyess Telecomm Upgrade	5383	6,935	6,935	-	-
Pine St. Buildings - Hail Damage	5384.1	10,016	10,016	-	-
Pine St. Buildings - Construction	5384.2	449,690	293,559	156,130	1
Datoo Technologies	5385	280,750	34,216	47,244	199,290
DCOA Strategic Planning	5386	130,000	105,000	20,000	5,000
Coca Cola Refreshments	5387	3,200,000	-	-	3,200,000
Martin Sprocket & Gear	5388	-	-	-	-
Industrial Maintenance Training AISD	5389	70,000	-	50,100	19,900
Lone Star Canvas	5390	50,000	-	-	50,000
Abimar Foods 2015	5391	-	-	-	-
BCBS Roof Repairs	5392	953,400	-	-	953,400
TTUHSC School of Public Health	5393	1,426,901	-	87,422	1,339,479
Praire Dog Pet Products	5394	-	-	-	-
Five Points Rail Spur	5395	33,942	-	33,942	-
Spec 3 Remediation	5396	244,795	-	214,993	29,802
ALSF Unwind	5397	116,616	-	116,616	-
18/36 Industrial Park	5397	52,000	-	-	52,000
Subtotal Economic Program Obligation Reserve		\$ 32,010,148	\$ 14,963,842	\$ 5,480,573	\$ 11,565,733
Plus Administrative Division Obligations:					
Economic Development Operating Division	Division 2760	705,210	-	670,616	34,594
Life Sciences Property Maintenance	Division 2765	384,420	-	355,444	28,976
DCOA Property Maintenance	Division 2775	1,716,464	-	379,947	1,336,517
Abilene Industrial Foundation	Division 2775	501,676	-	501,676	-
TTU Small Business Dev Center	Division 2775	200,000	-	155,606	44,394
Chamber Military Affairs	Division 2775	397,000	-	338,410	58,590
Airport Business Development Manager	Division 2775	182,720	-	161,008	21,712
Subtotal Administrative Divisions Obligation Reserve		\$ 4,087,490	\$ -	\$ 2,562,707	\$ 1,524,783
Total reserve for obligated programs					\$ 13,090,516
DCOA Board approved projects waiting for signed contracts:					
Dyess JLUS		\$ 50,000	6/17/17		
TSTC New Campus Ops		4,000,000	3/21/17		
Broadwind Towers 2016		715,000	2/24/17		
		<u>\$ 4,765,000</u>			

Development Corporation of Abilene
Revenue and Expense
Budget vs Actual Comparison
October 2015 - September 2016

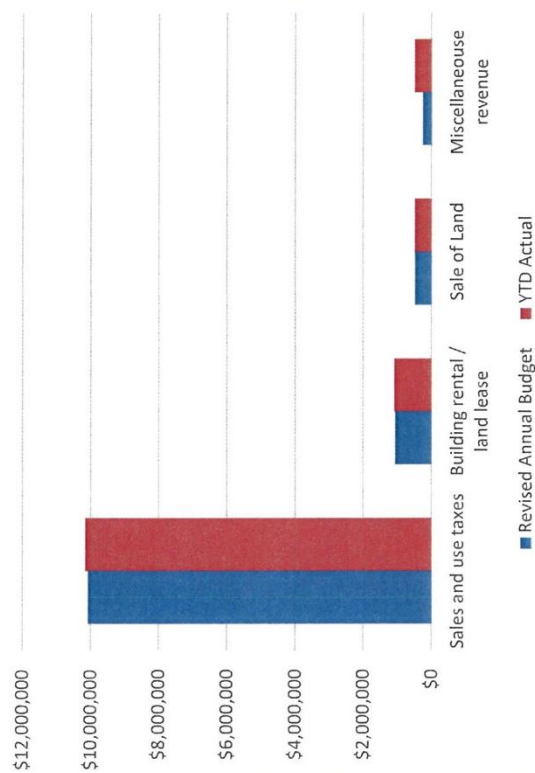
Revenue

	Revised Annual Budget	YTD Actual	% of Budget
Sales and use taxes	10,088,060	10,160,766	101%
Building rental / land lease	1,072,880	1,099,980	103%
Sale of Land	496,460	496,459	100%
Miscellaneous revenue	267,940	492,853	184%
Revenue	11,925,340	12,250,058	103%

Expenses

	Revised Annual Budget	YTD Actual	% of Budget
Economic Development Operating Division	705,210	670,616	95%
Life Sciences Property Maintenance	384,420	355,444	92%
DCOA Property Maintenance	1,716,464	379,947	22%
Abilene Industrial Foundation	501,676	501,676	100%
TTU Small Business Dev Center	200,000	155,606	78%
Chamber Military Affairs	397,000	338,410	85%
Airport Business Development Manager	182,720	161,008	88%
	4,087,490	2,562,707	63%

FY 16 Budget vs Actual Revenue



FY 16 Budget vs Actual Expenses

